

GLENN S. RICHARDS  
(202) 663-8215  
glenn.richards@shawpittman.com

February 13, 2003

**EX PARTE**

Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 Twelfth Street, S.W.  
Washington, D.C. 20554

**Re: Application by Verizon Maryland, Verizon Washington, DC and  
Verizon West Virginia for Authorization to Provide In-Region,  
InterLATA Services in the States of Maryland, Washington, DC and  
West Virginia  
WC Docket No. 02-384**

Dear Ms. Dortch:

In comments filed January 9, 2003 in the above-referenced proceeding, the National ALEC Association/Prepaid Communications Association ("NALA/PCA") disputed Verizon's compliance with Item No. 2 of the Competitive Checklist. *See* Comments of NALA/PCA (Jan. 9, 2003) at 3-6. As NALA/PCA explained, Verizon's representations regarding its billing performance are inconsistent with the experiences of competitive local exchange carriers ("CLECs"); further, with its billing practices Verizon is impermissibly shifting costs to CLECs by billing CLECs for services they have neither ordered nor authorized. The purpose of this ex parte is to update the record with further evidence of the anticompetitive nature and impact of Verizon's billing practices. Specifically, attached hereto as Attachment 1 is the Complaint and Petition of Metro Teleconnect Companies, Inc. for an Expedited Cease and Desist Order against Verizon Maryland Inc., filed February 12, 2003 with the Maryland Public Service Commission (the "Complaint") (less attachments).

The filing of the Complaint was necessitated by Verizon's threatened embargo or termination of wholesale service to Metro Teleconnect Companies, Inc. ("Metro"), a NALA/PCA member, as a result of unresolved billing disputes that total almost \$1 million, including more than \$660,000 in disputes attributable to: (1) direct dial long distance calls that Verizon should have blocked, based on its own tariffs and Metro's selection of "NONE" for both the PIC and LPIC options for each Metro customer account; and (2) collect calls and third party calls that Verizon should have blocked, based on its own tariffs and Metro's selection of Toll Billing Exception-A ("TBE-A") for each Metro customer account. *See* Complaint at ¶ 17.

Marlene H. Dortch

February 13, 2003

Page 2

Verizon has threatened the embargo<sup>1</sup> or service termination due to Metro's refusal to provide the \$732,833.26 letter of credit that Verizon demands while the disputes are resolved.<sup>2</sup> *Id.* at ¶ 18; *see also* Letter of Nigel Atwell, Verizon Counsel, to Kenneth Cox (October 22, 2002), attached as Attachment 2. Verizon makes these threats though Metro has diligently paid all undisputed charges, which represent more than 80 percent of each bill.

As the Joint Reply Declaration of Kathleen McLean and Catherine T. Webster ("Joint Declaration") makes clear, Verizon has taken the position that the billing disputes relating to calls that should have been blocked are not "bona fide." Joint Declaration at ¶ 37. As result, Verizon considers these sums to be unpaid amounts that trigger security requirements and warrant disconnection. That it would both attempt to burden its competitors with exorbitant payment assurances and threaten service disconnection over legitimate disputes demonstrates the monopoly power that Verizon continues to wield. Clearly, significant concerns exist with respect to the manner in which Verizon treats and bills the carriers to which it provides wholesale services. *See* NALA/PCA Comments at 5-6.

Ultimate responsibility for customer-incurred charges outside the scope of a CLEC's service is a policy issue; it is not one to be decided unilaterally by Verizon. The MPSC proceeding should establish responsibility for the disputed charges. In the meantime, Metro's Complaint demonstrates that Verizon's glowing reports regarding its billing performance cannot be reconciled with CLEC experience.<sup>3</sup> Verizon is clearly abusing its position as monopoly provider of wholesale residential services to stifle competition.

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<sup>1</sup> An embargo would, in effect, freeze a CLEC's account so that it could not place new orders or make any changes to existing customer accounts.

<sup>2</sup> Ironically, the amount in dispute is so high because Verizon refuses to follow its own methods and procedures for resolving disputes. In fact, in Metro's case, some of the disputes are more than two years old.

<sup>3</sup> Verizon does not substantively respond to NALA/PCA's challenge to Verizon's assertions that during the period January 2002 to October 2002 Verizon reduced its open billing disputes in Maryland from approximately 1,700 (involving approximately \$5 million in disputed charges) to approximately 175 disputes (involving approximately \$425,000). *See Comments of NALA/PCA at 3*, citing Application at 93-94. Verizon merely mischaracterizes NALA/PCA's discussion and asserts – without substantiation – that certain of the billing disputes NALA/PCA identifies "are vastly inflated (by a factor of 50) and outdated." Verizon Reply Brief at 48, fn. 40 (Feb. 3, 2003). Significantly, Verizon did not claim that these disputes were "resolved." In any event, it is unclear at what point a billing dispute becomes "outdated" and is dropped from Verizon's tally of outstanding total disputes.

# ShawPittman

Marlene H. Dortch  
February 13, 2003  
Page 3

Please feel free to contact the undersigned should you have any questions regarding this ex parte. The twenty page limit does not apply, as set forth in DA 02-3511.

Sincerely,



Glenn S. Richards  
Susan M. Hafeli

## Attachments

cc: G. Cohen, Federal Communications Commission  
G. Gooke, Federal Communications Commission  
G. Remondino, Federal Communications Commission  
V. Schlesinger, Federal Communications Commission  
D. Laub, Maryland Public Service Commission  
J. Nichols, U.S. Department of Justice  
A. Berkowitz, Verizon

**ATTACHMENT 1**

**Formal Complaint and Petition of Metro Teleconnect, Inc.  
for an Expedited Cease and Desist Order against Verizon Maryland Inc.  
(February 12, 2003)**

BEFORE THE MARYLAND PUBLIC SERVICE COMMISSION

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METRO TELECONNECT COMPANIES, INC.,  
2150 Herr Street  
Harrisburg, Pennsylvania 17103

Plaintiff,

v.

VERIZON MARYLAND, INC.  
1 East Pratt Street  
Baltimore, Maryland 21202

Defendant.

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**FORMAL COMPLAINT AND PETITION OF  
METRO TELECONNECT, INC. FOR AN EXPEDITED  
CEASE AND DESIST ORDER AGAINST VERIZON MARYLAND, INC.**

Metro Teleconnect Companies, Inc. ("Metro"), by counsel, in its Formal Complaint and Petition against Verizon Maryland, Inc. ("Verizon") before the Maryland Public Service Commission ("MPSC" or "Commission"), seeks an Order finding that Verizon has breached the parties' Resale Agreement and violated Section 251 of the Communications Act of 1934, as amended.<sup>1</sup> Moreover, Metro is seeking expedited relief in the form of an Order that Verizon cease and desist from embargoing or terminating service to Metro. These actions would violate Maryland law requiring a public service company to furnish adequate, just, and reasonable equipment, services and facilities.<sup>2</sup> Verizon's actions would also violate any regulations and orders this

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<sup>1</sup> ("Section 251 of the Communications Act"), 47 U.S.C. § 251 (1996).

<sup>2</sup> Md. Code Ann., Pub. Util. Co., § 5-303 (1998).

Commission has adopted in order to fulfill its purpose of protecting consumers and ensuring public safety, (1) by promoting adequate utility services without unjust discrimination, and (2) by enforcing compliance with the requirements of law, including Section 251 of the Communications Act, with respect to service.<sup>3</sup>

### **PARTIES AND JURISDICTION**

1. Metro is a corporation organized under the laws of the Commonwealth of Pennsylvania with its principal place of business at 2150 Herr Street, Harrisburg, PA 17106.

2. Verizon is a corporation organized under the laws of the State of Maryland with its principal place of business at 1 East Pratt Street, Baltimore, Maryland 21202.

3. Verizon is a telephone company, which makes it a public service company that engages in and operates a utility business in the State of Maryland. Therefore, the MPSC possesses personal jurisdiction over Verizon pursuant to Md. Code Ann., Pub. Util. Co., § 2-112 (1998). The MPSC is authorized to exercise supervisory and regulatory power over Verizon pursuant to Md. Code Ann., Pub. Util. Co., § 2-113 (1998). The Commission's jurisdiction and authority extends to the enforcement of a public service company's compliance with controlling legal requirements to the full extent that the Constitution and the laws of the United States allow. Further, the Resale Agreement governing the relationship between Metro and Verizon contemplates that the MPSC may adjudicate claims between the parties. Finally, because Verizon has threatened action that could affect local telephone service

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<sup>3</sup> Id., § 2-113 (1998).

to thousands of Maryland residential customers, which would violate Section 251(c)(4)(B) and Md. Code Ann. § 5-303, the MPSC may also adjudicate this matter.

4. Correspondence on this matter should be sent to:

Glenn S. Richards, Esq.  
Gerard Babendreier, Esq.  
Meredith Weinberg, Esq.  
Shaw Pittman LLP  
2300 N Street, NW  
Washington, DC 20037-1128  
(202) 663-8923  
Fax (202) 663-8007  
Attorneys for Metro

#### **FACTUAL BACKGROUND**

5. Metro, a competitive local exchange carrier ("CLEC"), provides local telephone services to residential customers throughout the eastern and midwestern United States. To provide this service in Maryland, Metro resells Verizon's wholesale services.

6. Metro provides residential local telephone services to approximately 7,500 Maryland customers, many of whom are individuals who cannot purchase service from Verizon or other CLECs because they have been disconnected for nonpayment of service and have poor credit. Metro provides customers with unlimited local calling, directory assistance, features such as call waiting, and access to toll free and emergency services. Metro does not provide long distance to its customers and attempts to block its customers' access to usage-based services. By blocking access to usage-based services, Metro provides customers with a fixed charge that does not vary from month to month.

7. Verizon, an incumbent local exchange carrier ("ILEC"), is the exclusive supplier of "last mile" telephone network equipment and transmission facilities in Maryland. Metro requires access to this equipment and facilities in order to compete in the local telephone service market, a market in which Verizon itself is a competitor.

8. On February 2, 1998, Verizon entered into a Resale Agreement ("Agreement") with Metro's predecessor, a Maryland corporation called Metro Teleconnect, Inc. This Agreement was subsequently assigned to Metro. A copy of this Agreement is attached hereto as Exhibit A. This Agreement controls the current relationship between Metro and Verizon.

9. The Agreement contains a clause regarding disputes over amounts billed. In the event of a "good faith dispute" between the parties, Verizon is prohibited from terminating or suspending its provision of services if Metro fails to pay the amount disputed. This prohibition only applies, however, if, within 30 days of Verizon sending to Metro a failure to pay notice, a) Metro gives written notice of and the basis for its dispute, and b) Metro furnishes to Verizon an "irrevocable letter of credit in a form acceptable to [Verizon] or other security arrangement acceptable to [Verizon], guaranteeing payment to [Verizon] of any portion of the disputed amount (including the whole of the disputed amount) which is thereafter agreed by [Verizon] and [Metro], or determined by a court or other governmental entity of appropriate jurisdiction, to be due to [Verizon]."<sup>4</sup> There is no reference in the Agreement to an embargo process.

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<sup>4</sup> See Agreement at § 17.2.2.



10. The majority of the charges involved in this dispute represent collect calls received by Metro's customers, direct dial long distance calls made by Metro's customers and allowed by Verizon, and late charges related to the aforementioned charges. Included in the remainder are disputed charges representing USOCs that Metro did not order, incorrect connection charges, and three-way calls made by Metro's customers but for which Verizon has not provided adequate usage detail to verify that these were actually three-way calls.

11. For each new customer that purchases local exchange service, Metro is required to select a primary interLATA (long distance) carrier ("PIC") and a primary intraLATA carrier ("LPIC").

12. Because Metro does not provide long distance service to its customers, Metro selected "NONE" for both the PIC and LPIC options. Metro did this for each and every customer in all jurisdictions where it provides service and is not otherwise required to provide long distance access to its customers. Metro made these selections so that its customers could not use Verizon's direct dial long distance service, pursuant to Verizon's tariff, nor access toll services provided by other carriers. Metro also selected "Toll Billing Exception-A" ("TBE-A") on behalf of each and every one of its customers, so that its customers could not receive or accept Verizon or third party-provided collect calls. The TBE-A selection puts carriers on notice that the customer is not permitted to receive or accept collect calls.

13. Despite Metro's selection of "NONE" and TBE-A, Verizon has allowed some of Metro's customers to make direct dial long distance calls and/or receive collect

calls and has charged Metro for toll calls made by or collect calls accepted by Metro's customers. Metro, in turn, has disputed these charges.

14. Pursuant to standards promulgated by Verizon itself in its Resale Handbook ("Handbook"), Verizon is required to assign a claim number within two business days of any disputed charge submitted by a CLEC.<sup>5</sup> In the Handbook, Verizon represents that "in most instances," claims will be resolved within 30 days. The Handbook also states that in most cases, Verizon will close out claims within 90 days.

15. Despite these standards, Verizon has not provided Metro a claim number for many disputed charges, has denied valid claims, and has not provided credits after certain claims were resolved. Nor has Verizon resolved many of Metro's claims within 30 days; in fact, some of Metro's unresolved claims are more than two years old. To date, Metro has almost \$5 million in outstanding disputes with Verizon, approximately \$1 million of which relates to Maryland customers.

16. Verizon has, however, provided full credit to Metro for some other claims. Specifically, Verizon credited Metro for more than \$1.1 million in disputed charges in 1999; these disputed charges were similar to the disputed charges at issue here.

17. To date, Verizon has charged Metro \$662,793.35 for two types of charges: (1) direct dial long distance calls that Verizon should have blocked, based on its own tariffs and Metro's selection of "NONE" for both the PIC and LPIC options for each Metro customer account, and (2) collect calls and third party calls that Verizon should

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<sup>5</sup> See Verizon CLEC Handbooks, Volume 3, § 10.4 "Claims and Adjustments," available at [http://www22.verizon.com/wholesale/handbooks/section/1,,c-3-10-10\\_4,00.html](http://www22.verizon.com/wholesale/handbooks/section/1,,c-3-10-10_4,00.html)>. A copy is attached hereto as Exhibit B.

have blocked, based on its own tariffs and Metro's selection of TBE-A for each Metro customer account. Metro has disputed both types of charges, as they are both improper.

18. The parties have not been able to resolve these disputes. As a result, Verizon's counsel wrote to Metro's President on October 22, 2002, demanding that Metro provide Verizon with a Letter of Credit for \$732,833.26. Should Metro fail to provide such a Letter of Credit, Verizon stated it might embargo or terminate the services it provides under the Agreement. A copy of this letter is attached hereto as Exhibit C.

19. Although the Agreement provides that Verizon can request a Letter of Credit under certain circumstances (see ¶ 9), it does not give Verizon license to request a Letter of Credit on its own terms. According to the Agreement, the parties must either agree upon the amount of the Letter of Credit or allow a court or governmental agency to determine that amount. The parties are involved in a legitimate dispute over charges in Maryland that total almost \$1 Million. Verizon and Metro have not agreed that \$732,833.26 is the proper amount for a Letter of Credit, nor has any court or governmental entity determined such. In fact, the sum Verizon has demanded is unreasonable, in part, because it represents an accumulation of years of disputed charges. Had Verizon addressed the charges that Metro began disputing two years ago in accordance with its own methods and procedures, the amount in dispute would now be much lower, and Verizon's demand would be much more reasonable. Verizon's excessive demand demonstrates that it has unfairly taken advantage of a situation it created by refusing to address certain charges when Metro first disputed them.

Verizon's unilateral demand for a Letter of Credit representing the entire amount of this dispute, some of which dates back to 1999, is not only unreasonable, but it violates the terms of the Agreement.

20. Verizon's embargo or termination of Metro's service would also constitute a breach of the Agreement. The Agreement provides that Verizon has the right to terminate the service it provides to Metro at any time; however, that right is subject "to the requirements of Applicable Law."<sup>6</sup> The "Applicable Law" that Verizon's threatened conduct would violate is Section 251 of the Communications Act. Section 251(c)(4)(B) imposes on ILECs like Verizon the duty "not to impose unreasonable or discriminatory conditions or limitations on, the resale of [ ] telecommunications service...." By either embargoing or terminating Metro's service, Verizon would be imposing unreasonable and discriminatory conditions on Metro's ability to provide service to its Maryland customers. For instance, if Verizon imposed an embargo, Metro would not be able to provide service to customers who paid Metro for service prior to such an embargo but whose service was not yet connected at the time of the embargo. Nor could Metro respond to customer requests for additions or cancellations of service and/or features while such an embargo was in place. Verizon's embargo or termination of Metro's service would impose unreasonable and discriminatory conditions on Metro's resale of telecommunications service, and would therefore violate Section 251 of the Communications Act.

21. Even if it were not a breach of the Agreement, Verizon's demand for a Letter of Credit equal to the amount of disputed charges in Maryland would be improper.

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<sup>6</sup> See Agreement at § 3.7.

The FCC recently issued a policy statement regarding Verizon's request to modify its tariffs so that it could require advance payments, security deposits, and other measures from CLECs that did not pay certain bills. The FCC recommended that ILECs not seek revisions that gave them broad discretion to impose these measures. While the policy statement did not address Letters of Credit, it did note that federal telecommunications law states that "[a]ll charges, practices, classifications and regulations for and in connection with [a] communication service, shall be just and reasonable...."<sup>7</sup> Verizon's demand for a Letter of Credit for the amount of the disputed charges would be neither just nor reasonable. The acquisition costs of such a Letter of Credit are substantial and would require Metro to tie up capital that would otherwise be used to fund operations, including expansion of its business. Moreover, Verizon's standard interconnection agreement no longer requires a Letter of Credit from CLECs that have disputed charges. This demonstrates that Verizon will not be harmed if it is prohibited from requiring a Letter of Credit from Metro. Once the Commission decides which party is responsible for the disputed charges, the other party will then have recourse under the Agreement to take further action.

22. In discussing its concern with ILECs setting payment criteria that would give them "considerable discretion in making [payment] demands," the FCC noted that "these criteria could be used to disadvantage a competitor vis-à-vis the [ILEC's] own

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<sup>7</sup> In the Matter of Verizon Petition for Emergency Declaratory and Other Relief, WC Docket No. 02-202, FCC 02-337, ¶ 5 (adopted December 20, 2002) (*citing* 47 U.S.C. §§ 201(b) and 202(a)).

retail operation.”<sup>8</sup> This Commission should disapprove of Verizon’s attempt to secure a Letter of Credit from Metro because it would similarly stifle competition.

23. The FCC further noted that many CLECs would “find the prospect of raising additional capital [to pay any advance billing]...daunting if not overwhelming.”<sup>9</sup> So too would Metro find “daunting” and “overwhelming” Verizon’s demand for a Letter of Credit for the amount of the disputed Maryland charges. Much like the CLECs that the FCC described in its policy statement, Metro uses much of the cash available to it to fund current business operations and planned future expansion. Having to procure a Letter of Credit for the amount of the disputed charges would irreparably harm Metro, because of the extreme burden that it would impose on Metro’s budget and resources. Most importantly, any deleterious effect such a Letter of Credit would have on Metro would, by extension, adversely affect Metro’s Maryland customers and benefit Verizon by crippling one of the few CLECs currently providing residential telephone service in Maryland.

24. Maryland law<sup>10</sup> sets out the criteria Metro must demonstrate in order for the Commission to issue a cease and desist order barring Verizon from embargoing or terminating Metro’s service, as follows:

(a) the person has engaged in an act or practice that constitutes a violation of any provision of this article or any order or regulation adopted under this article that directly concerns consumer protection or public safety;

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<sup>8</sup> *Id.* at ¶ 21.

<sup>9</sup> *Id.* at ¶ 23.

<sup>10</sup> Md. Code Ann., Pub. Util. Co., § 13-208 (1998).

(b) immediate, substantial, and irreparable harm will result before the affected person could have an opportunity to respond to the facts alleged;

(c) the need for the immediate issuance of a summary cease and desist order outweighs the affected person's right to receive notice and be heard before issuance of the order; and

(d) issuance of the summary cease and desist order is in the public interest.

25. If Verizon were to embargo or terminate Metro's service, it would violate Md. Code Ann., Pub. Util. Co. § 5-303 (1998). This provision requires public service companies like Verizon to furnish equipment, services, and facilities that are, among other things, "adequate." If Verizon were to embargo or terminate Metro's service, Verizon would cease to provide adequate service to Metro. In turn, Metro would be unable to provide adequate service to its customers. For example, Metro could not connect service for a customer who paid Metro prior to such an embargo but whose service was not yet connected at the time of the embargo. Nor would Metro's customers who might request additions or cancellations of service and/or features be receive "adequate" service during a Verizon-imposed embargo. Verizon's actions meet the first criterion listed above because they would violate § 5-303, a provision of Maryland's Public Utilities article that directly concerns consumer protection.

The Commission is not only given the responsibility of enforcing compliance with Maryland laws that ensure adequacy of service, but is also responsible for "promoting adequate, economical and efficient delivery of utility services in the State *without unjust*

*discrimination*”<sup>11</sup> (emphasis added). This policy directly affects consumer protection.

By embargoing or terminating Metro’s service, Verizon would be imposing discriminatory conditions on Metro’s ability to provide service to its Maryland customers, discussed above in ¶ 23. As such, Verizon would be violating both Section 251 of the Communications Act and any regulations and orders the Commission has adopted in order to carry out its policy of non-discrimination. These actions would meet the first criterion listed above.

26. Allowing Verizon to embargo Metro would also cause Metro irreparable harm. Metro would not be able to sign up new customers, nor would it be able to make any modifications to existing customer accounts. As a result, many of Metro’s customers might cancel their Metro accounts and migrate to other CLECs. An embargo or a termination of service would seriously damage Metro’s reputation and erode its ability to continue to compete in the Maryland market, thereby causing Metro immediate and substantial harm. These actions would meet the second criterion listed above.

27. Metro’s request for a summary cease and desist order also outweighs Verizon’s right to receive notice and be heard before issuance of the order because nothing else would prevent Verizon from terminating Metro’s service without notice and before the Commission can adjudicate the matter. Despite protestations from Metro, Verizon could unilaterally decide to terminate Metro’s service, thereby starting a chain of events that could then result in Metro’s having to withdraw from the Maryland telecommunications market. Verizon cannot be allowed to embargo or terminate Metro’s service before the Commission can fairly adjudicate this dispute, because it

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<sup>11</sup> Md. Code Ann., Pub. Util. Co., § 2-113.



could result in Maryland citizens losing phone service and might potentially harm competition in Maryland. These contingencies would meet the third criterion required for a cease and desist order because they outweigh Verizon's right to receive notice and be heard before such a cease and desist order is issued.

28. Perhaps most importantly, a Verizon embargo or termination of Metro's service would cause harm to the public in several ways, thereby meeting the fourth and final criterion listed above. In the short term, Maryland citizens could lose their phone service. In the long term, some Marylanders who are already Metro's customers would be harmed because they would be left with no other local service alternative. Even those who would have local service alternatives would be harmed because they would be deprived of choice in their local service market.

WHEREFORE, Plaintiff, Metro respectfully requests that the Commission issue an Order:

A. Directing Verizon to credit Metro a total of \$662,793.35 in past charges (1) for use of Verizon direct dial long distance service or other carrier-provided toll services by Metro customers for whom "NONE" for both the PIC and LPIC options was selected, and (2) for third party and collect calls made to Metro customers for whom TBE-A was selected; and

B. Directing Verizon to promptly remedy the problem whereby it improperly completes third party and collect calls to Metro's customers for whom TBE-A has been selected; and

C. Directing Verizon to promptly remedy the problem whereby it improperly allows Metro's customers to use Verizon's direct dial long distance service, despite the selection of "NONE" for those options; and

D. Directing Verizon to desist from charging Metro for any future third party and collect calls improperly completed to Metro's customers for whom TBE-A has been selected; and

E. Directing Verizon to desist from charging Metro for any future direct dial long distance calls that Verizon has improperly allowed Metro's customers to complete, despite the selection of "NONE" for those options; and

F. Directing that Verizon may not require a Letter of Credit for \$732,833.26 or any other amount it determines without following the procedures listed in the Agreement for setting that amount, or in the alternative, setting a reasonable amount for which Verizon may request a Letter of Credit; and

G. Directing Verizon to cease and desist from embargoing or terminating Metro's service until the parties settle the matter or until this Commission makes a determination on the merits of the Complaint; and

G. Directing Verizon to cease and desist from violating Section 251; and

H. Directing Verizon to cease and desist from violating any provision of Maryland law or regulations and orders adopted under such law; and

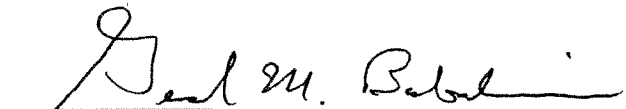
I. Directing Verizon to cease and desist from breaching its duties under the Agreement; and

J. Imposing on Verizon any other relief as it deems appropriate.

Metro further requests that the Commission act upon this Petition in an expedited manner because Metro is dependent on Verizon for the local telephone exchange service that Metro provides its customers. Without an accelerated response from the Commission, Verizon act on its threat to embargo or termination of Metro's service, thereby violating Maryland law and Section 251 of the Communications Act, and breaching the Agreement.

DATED:

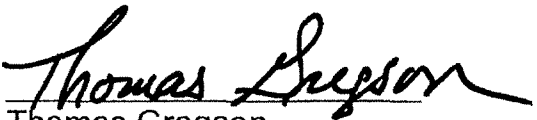
Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Gerard M. Babendreier", is written over a horizontal line.

Glenn S. Richards, Esq.  
Gerard Babendreier, Esq.  
Meredith Weinberg, Esq.  
SHAW PITTMAN LLP  
2300 N Street, N.W.  
Washington, D.C. 20037-1128  
(202) 663-8000  
fax (202) 663-8007

## VERIFICATION

I, Thomas Gregson, being duly sworn according to law, depose and say that I am the Director of Operations of Metro Teleconnect Companies, Inc.; that I am authorized to do and make this verification on behalf of Metro Teleconnect Companies, Inc.; and that the facts set forth in the above Complaint and Petition are true and correct to the best of my knowledge, information and belief and further, that I expect Metro Teleconnect Companies, Inc. to be able to prove the same at any hearing hereof.

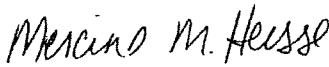
  
Thomas Gregson

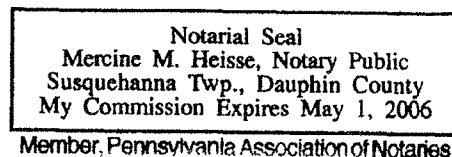
STATE OF MARYLAND

COUNTY OF

SUBSCRIBED AND SWORN to me this 12 day of February, 2003.

Witness my hand and official seal.

  
Notary Public



**CERTIFICATE OF SERVICE**

I hereby certify that on the 12<sup>th</sup> day of February, 2003, the foregoing  
"FORMAL COMPLAINT AND PETITION OF METRO TELECONNECT, INC. FOR AN  
EXPEDITED CEASE AND DESIST ORDER AGAINST VERIZON MARYLAND, INC."  
was served by first class U.S. mail, postage prepaid and facsimile on the following  
counsel of record:

David A. Hill  
Vice President and General Counsel  
Verizon Maryland, Inc.  
1 East Pratt Street  
Baltimore, MD 21202  
(410) 393-7725  
fax (410) 393-4078

Paul M. Bullock

**ATTACHMENT 2**

**Letter of Nigel Atwell, Verizon Counsel, to Kenneth Cox  
(October 22, 2002)**

Nigel M. Atwell  
Counsel



1515 North Courthouse Road  
Suite 500  
Arlington, VA 22201

Phone: (703) 351-3180  
Fax: (703) 351-3664  
Nigel.M.Atwell@verizon.com

October 22, 2002

**By Overnight Delivery**

Mr. Kenneth Cox  
President  
Metro Teleconnect, Inc.  
937-C Russell Avenue  
Gaithersburg, MD 20879

Subject: Demand for Compliance with the Maryland Resale Agreement and  
Notice of Pending Action Impacting Service

Dear Mr. Cox:

By this letter, Verizon Maryland Inc. ("Verizon") demands that Metro Teleconnect, Inc. ("Metro Teleconnect") come into compliance with its payment obligations and cure its default under Sections 17.2.1 and 17.2.2 of the Resale Agreement between Verizon and Metro Teleconnect for Maryland (the "Agreement").

As of October 9, 2002, Verizon has invoiced Metro Teleconnect and Metro Teleconnect has disputed and failed to pay \$732,833.26 when due. Metro Teleconnect has further failed to furnish Verizon with an irrevocable letter of credit or any other acceptable security arrangement to guarantee payment of the disputed charges. Pursuant to Section 17.2.2 of the Agreement, Metro Teleconnect must furnish security acceptable to Verizon to guarantee ultimate payment of the disputed charges.<sup>1</sup> Otherwise, Metro

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<sup>1</sup>Section 17.2.2 of the Agreement provides:

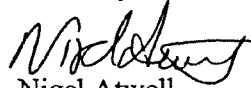
17.2.2 If a good faith dispute arises between the Parties concerning the obligation of Reseller to make payment of an amount billed under this Agreement, the failure to pay the amount in dispute shall not constitute cause for termination or suspension of this Agreement or provision of Bell Atlantic Services, if, within thirty (30) days of the date that Bell Atlantic gives Reseller written notice of the failure to pay the amount in dispute, Reseller (a) gives Bell Atlantic written notice of the dispute stating the basis of the dispute, and (b) furnishes to Bell Atlantic an irrevocable letter of credit in a form acceptable to Bell Atlantic or other security arrangement acceptable to Bell

Teleconnect is in default of its payment obligations under Section 17.2.1 of the Agreement and its actions constitute cause for Verizon to take action against Metro Teleconnect as specified therein.<sup>2</sup>

Therefore, Verizon hereby demands, pursuant to Section 17.2.2 of the Agreement, that Metro Teleconnect provide an irrevocable letter of credit in favor of Verizon in an amount sufficient to guarantee payment of the charges it disputes. Verizon reserves the right to approve the form of the letter of credit and to request additional security in the event Metro Teleconnect withholds payment of charges on other Verizon invoices.

Should Metro Teleconnect fail to pay the charges or provide the above referenced letter of credit to Verizon within thirty (30) days of receipt of this notice, Verizon will thereafter suspend its acceptance and processing of new and pending orders on Metro Teleconnect's accounts under the parties' Resale Agreement and will subsequently terminate the Agreement and all services provided thereunder. Metro Teleconnect is responsible for informing its customers that their services will be terminated. Verizon reserves its right to pursue any other remedies it may have under the Agreement or applicable law.

Sincerely,

  
Nigel Atwell

cc: Glenn S. Richards, Esq.

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Atlantic, guaranteeing payment to Bell Atlantic of any portion of the disputed amount (including the whole of the disputed amount) which is thereafter agreed by Bell Atlantic and Reseller, or determined by a court or other governmental entity of appropriate jurisdiction, to be due to Bell Atlantic. The existence of such a dispute shall not relieve Reseller of its obligations to pay any undisputed amount which is due to Bell Atlantic and to otherwise comply with this Agreement.

<sup>2</sup> Section 17.2.1 of the Agreement provides:

17.2.1 If Reseller fails to make a payment of any amount billed under this Agreement by the due date stated on the bill and such failure continues for more than thirty (30) days after written notice thereof from Bell Atlantic, then, except as provided in Section 17.2.2, below, or as otherwise required by Applicable Law, Bell Atlantic shall have the right, upon notice to Reseller, to terminate or suspend this Agreement and/or provision of Bell Atlantic Services, in whole or in part.